

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1508.
FILED, DECEMBER 1st, 1966.

WASAMAC MINES LIMITED (No Personal Liability)

Full corporate name of Company
Incorporated under the name "Lake Wasa Mining Corporation" pursuant to the Quebec Mining Companies Act by Letters Patent dated December 20, 1946.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous Filing Statement No. 1133.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	See Schedule "A" on pages 4,5,6,
2. Head office address and any other office address.	The head office of the Company is located at Arntfield, Quebec, and the executive office of the Company is located at Suite 400, 112 King Street W., Toronto 1, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Officers</u> President- R.C. Stanley, Jr., Suite 3902, 112 East 42nd Street, New York, N.Y., Mining Executive; Vice-President- John C.L. Allen, 112 King Street W., Toronto 1, Ontario, Stockbroker; Secretary- Miss Bessie Anderson Argo, 112 King Street W., Toronto 1, Ontario, Corporate Secretary. <u>Directors</u> R.C. Stanley, Jr., as above; John C.L. Allen, as above; Peter Ackerman Allen, 112 King Street W., Toronto 1, Ontario, Stockbroker; P.K. Hanley, 112 King Street W., Toronto 1, Ontario, Stockbroker; Bessie Anderson Argo, as above..
4. Share capitalization showing authorized and issued and outstanding capital.	The authorized capital of the Company consists of \$3,000,000 divided into 3,000,000 shares of the par value of \$1.00 each of which 1,748,987 shares are issued and outstanding.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>There are no bonds, debentures, notes, mortgages, charges, liens or hypothecations of the Company outstanding at the date hereof, except as follows:-</p> <p>(i) The Company borrowed the sum of \$1,500,000 from the Canadian Imperial Bank of Commerce, Toronto, Ontario, of which \$453,000 has been repaid by the Company. As collateral for the money so loaned by the said Bank to the Company, the Company pledged to the said Bank, inter alia, all ores and bullion to be produced from the Company's mine;</p> <p>(ii) The Company has issued \$1,500,000 principal amount 6% unsecured Income Debentures due December 31, 1974 (December 1974 Debentures), of which \$1,000,000 principal amount of such December 1974 Debentures are held by Barnat and the remainder of such December 1974 Debentures are held by Macassa;</p> <p>(iii) The Company has issued \$1,600,000 principal amount 5% convertible subordinated unsecured Income Debentures due December 31, 1975 (December 1975 Debentures) all of which are held by Barnat;</p> <p>(iv) See item 1 hereof as to the proposed issue of \$1,500,000 principal amount 1973 Convertible 7% Income Debentures of the Company.</p>

AR86

<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>(i) The Company has granted to certain employees of the Company options to purchase 125,000 shares of the Company at prices ranging from \$1.25 per share to \$1.75 per share, at various times on or before December 31, 1970.</p> <p>(ii) The December 1975 Debentures may be converted at any time prior to December 15, 1975 into shares of the Company on the basis of 800 shares for each \$1,000 principal amount of December 1975 Debentures. If all December 1975 Debentures are converted, a total of 1,280,000 shares of the Company will be issued. No payment or adjustment on conversion will be made by either the Company or the holders on account of accrued interest or for dividends.</p> <p>(iii) See item 1 hereof as to the proposed issue of \$1,500,000 principal amount Convertible 7% Income Debentures and Share Purchase Warrants of the Company, and the conversion terms thereof.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>If the issue of 1973 Convertible 7% Income Debentures of the Company maturing December 31, 1973 referred to in item 1 hereof is carried out, East Malartic and Gold Fields will have a direct interest in such 7% convertible unsecured Income Debentures maturing December 31, 1973.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>There are no payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition by the Company.</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>The Company's future development plans are to sink a new production shaft at Francoeur Mine Property in the event same is acquired by the Company, to a depth of 1,500' and to provide eight new levels to develop and mine out a minimum of 750,000 tons of drill-indicated ore above the 1,400' depth. The cost of such work, together with the cost of the surface plant, is estimated at \$1,500,000, which is to be provided by the sale of \$1,500,000 principal amount convertible 7% Income Debentures by Wasamac.</p> <p>In addition, the main inclined shaft at Wasamac Mine is also to be deepened 600' vertically below the present bottom 1,000' level to provide three new levels at 1,200', 1,400' and 1,600' depths respectively, for the purpose of developing the downward continuation of the main West Ore Zone. The cost of this work, estimated at \$300,000 is to be paid out of current earnings from the Wasamac Mine.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>The chief development work carried out by the Company in the past year was the commencement of the extension of the east drift on the 400' level of the Wasamac Mine to the East Ore Zone to permit the development and mining of the East Ore Zone of the Wasamac Mine. This work is still in progress. The west drift of the 400' level was also extended to permit the development and mining of an extension of the West Ore Zone.</p>

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	As referred to in item 1 hereof Francoeur will be a vendor of assets to the Company for which it will receive the considerations referred to in item 1. Save for the assets to be purchased from Francoeur the Company does not propose to purchase any property or other assets, except equipment and supplies required to put the mining property to be purchased from Francoeur into production, and equipment and supplies required for the operation of the Company's present mine.												
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	As all purchases of equipment and supplies for the purposes outlined in item 11 hereof will be in the normal course of business, it is not practical to list the vendors of such equipment and supplies. Francoeur is a public company listed on The Toronto Stock Exchange and Wright-Hargreaves Mines Limited, 400, 112 King Street West, Toronto 1, Ontario, through its shareholdings of Francoeur is in a position to materially affect control of Francoeur.												
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	There are no shares of the Company held in escrow or in pool.												
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable.												
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state	<p>As of November 26, 1966 the five largest registered shareholders of the Company are as follows:</p> <table> <tr> <th>Name</th><th>Number of Shares</th></tr> <tr> <td>Barnat Mines Ltd., 4th Floor, 112 King Street West, Toronto 1, Ontario.</td><td>867,539</td></tr> <tr> <td>John C. L. Allen Limited, 405, 112 King Street West, Toronto 1, Ontario.</td><td>127,264</td></tr> <tr> <td>Belcher Mining Corporation Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.</td><td>101,300</td></tr> <tr> <td>Hard Rock Gold Mines Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.</td><td>101,300</td></tr> <tr> <td>Macassa Gold Mines Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.</td><td>45,100</td></tr> </table> <p>The Company understands that none of the above shares of the Company are pooled or escrowed.</p> <p>The Company understands that all of the shares of the Company registered in the name of Barnat Mines Ltd., Belcher Mining Corporation Limited, Hard Rock Gold Mines Limited and Macassa Gold Mines Limited, aforesaid, are beneficially owned by those Companies.</p> <p>The Company is advised that out of 127,264 shares of the Company registered in the name of John C. L. Allen Limited, Barnat Mines Ltd. is the beneficial owner of 18,100 shares, Macassa Gold Mines Limited is the beneficial owner of 18,900 shares and East Malartic Mines Limited and Malartic Gold Fields (Quebec) Limited are the beneficial owners of 100 shares each. The Company does not know whether or not John C. L. Allen Limited is the beneficial owner of any of the remaining shares of the Company registered in its name.</p>	Name	Number of Shares	Barnat Mines Ltd., 4th Floor, 112 King Street West, Toronto 1, Ontario.	867,539	John C. L. Allen Limited, 405, 112 King Street West, Toronto 1, Ontario.	127,264	Belcher Mining Corporation Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.	101,300	Hard Rock Gold Mines Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.	101,300	Macassa Gold Mines Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.	45,100
Name	Number of Shares												
Barnat Mines Ltd., 4th Floor, 112 King Street West, Toronto 1, Ontario.	867,539												
John C. L. Allen Limited, 405, 112 King Street West, Toronto 1, Ontario.	127,264												
Belcher Mining Corporation Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.	101,300												
Hard Rock Gold Mines Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.	101,300												
Macassa Gold Mines Limited, 4th Floor, 112 King Street West, Toronto 1, Ontario.	45,100												

THIS IS SCHEDULE "A" to the Filing Statement
of WASAMAC MINES LIMITED (No Personal Liability)
dated the 26th day of November, 1966

This Statement is filed in respect of the following agreements proposed to be made by Wasamac Mines Limited (No Personal Liability) (the Company), all of which agreements, if executed and delivered will be dated as of the 1st day of December, 1966:-

(i) Under an agreement to be made by the Company with Francoeur Mines Limited (Francoeur) of Suite 400, 112 King Street West, Toronto 1, Ontario, the Company will purchase all the undertaking, property and assets of Francoeur including the Mining Property of Francoeur (Francoeur Mine) located in Beauchastel Township, Quebec, in consideration of (a) the issue by the Company to Francoeur of 539,834 shares of the Company (b) the delivery by the Company to Francoeur of Share Purchase Warrants calling for an aggregate of 269,917 shares of the Company which warrants will entitle the holders thereof to subscribe for shares of the Company to the extent to which such holder is entitled thereunder, at the price of \$1.50 per share at any time on or before December 31, 1973 (c) the assumption by the Company of all debts and liabilities of Francoeur and (d) the assumption by the Company of all of the costs of distributing the assets of Francoeur after the completion of such sale to the Company and the surrender of the charter of Francoeur after the making of such distribution. The Share Purchase Warrants referred to above will be issued under and pursuant to a Warrant Indenture to be made between the Company and Eastern & Chartered Trust Company as Trustee.

Such Share Purchase Warrants and the Warrant Indenture will provide for variation in the class and number of shares to be delivered upon the exercise of the rights of purchase granted by the Share Purchase Warrants in certain events to be therein set forth including subdivision,

consolidation or reclassification of shares in the capital of the Company and in certain instances to payment of stock dividends and the issuance by the Company with certain exceptions of shares of the same class as those then issuable pursuant to the Share Purchase Warrants at a price per share less than the price per share payable pursuant to the Warrants. The Warrant Indenture will also provide for the giving of notice by the Company prior to the Company increasing its authorized capital, consolidating, merging or amalgamating with any other Company or corporation or selling or leasing the whole or substantially the whole of the assets of the Company to any other company or corporation.

(ii) Under an agreement to be made by the Company with East Malartic Mines Limited (No Personal Liability) (East Malartic), Malartic Gold Fields (Quebec) Limited (No Personal Liability) (Gold Fields) and Barnat Mines Ltd. (No Personal Liability) (Barnat), all of Suite 400, 112 King Street West, Toronto 1, Ontario, the Company will create \$1,500,000 principal amount 7% unsecured convertible income debentures maturing December 31, 1973 (1973 Convertible 7% Income Debentures) and each of East Malartic and Gold Fields will, subject to the consummation of the transactions contemplated by the agreement referred to in (i) above and subject to the other conditions contained in this Agreement, subscribe for \$750,000 in aggregate principal amount of 1973 Convertible 7% Income Debentures for an aggregate purchase price or consideration of \$750,000 each. The Company will devote the funds received by it from the issue and sale of the 1973 Convertible 7% Income Debentures to bringing the Francoeur Mine into production. The 1973 Convertible 7% Income Debentures are convertible, at any time after production in reasonable commercial quantities has commenced at the Francoeur Mine and on or before December 31, 1973, into

shares of the Company on a basis of 800 shares of the Company for each \$1,000 principal amount and are to rank prior to the 6% unsecured income debentures of the Company due December 31, 1974 (December 1974 Debentures) and the 5% convertible subordinated unsecured income debentures of the Company due December 31, 1975 (December 1975 Debentures) with respect to the payment of principal and interest. No payment or adjustment on conversion will be made by either the Company or the holders on account of accrued interest or for dividends. Interest on the 1973 Convertible 7% Income Debentures will be cumulative and will be payable at the rate of 7% per annum out of "operating profits" as therein defined, and in the manner therein set forth.

The obligations of the Company pursuant to this Agreement are subject, inter alia, to supplementary letters patent being issued to the Company increasing its authorized capital to \$6,000,000 divided into 6,000,000 shares of the par value of \$1 each by the creation of an additional 3,000,000 shares of the par value of \$1 each.

(iii) Under an agreement to be made by the Company with Barnat and Macassa, Barnat and Macassa who between them hold all the outstanding December 1974 Debentures will agree to the subordination, postponement and amendment of the December 1974 Debentures to permit the prior repayment of the principal and the interest of the 1973 Convertible 7% Income Debentures.

(iv) Under an agreement to be made by the Company with Barnat, Barnat who is the holder of all the outstanding December 1975 Debentures will agree to the subordination, postponement and amendment of the December 1975 Debentures to permit the prior repayment of the principal and the interest of the 1973 Convertible 7% Income Debentures.

(v) After the consummation of the transactions contemplated by the said agreement to be made between Francoeur and the Company as of the 1st day of December, 1966, Francoeur will distribute its remaining assets then consisting of the shares of the Company and the Share Purchase Warrants of the Company. Such distribution will, in effect, provide for the distribution of 1 share of the Company for each 10 shares of Francoeur held, and a Share Purchase Warrant entitling the holder thereof to purchase 1 share of the Company at the price of \$1.50 per share for each 20 shares of Francoeur held.

(vi) The acquisition of the undertaking, property and assets of Francoeur by the Company is, inter alia, subject to the shareholders of each of Francoeur and Wasamac authorizing those companies entering into the said agreement to be made between Francoeur and the Company as of the 1st day of December, 1966.

FINANCIAL STATEMENTS

WASAMAC MINES LIMITED
(No Personal Liability)

Incorporated under the laws of the Province of Quebec

BALANCE SHEET - OCTOBER 31, 1966

(Unaudited)

ASSETS		LIABILITIES	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash	\$ 25,544	Bank loan (note 1)	\$1,166,000
Bullion at net realizable value	162,965	Accounts payable and accrued liabilities	216,252
Accounts receivable	37,267	Payable to associated companies	433,957
Amount receivable under the Emergency Gold Mining Assistance Act	231,099	Accrued interest on debentures (note 2)	<u>342,080</u>
Prepaid expenses	<u>63,900</u>		\$2,158,289
	\$ 520,775		3,100,000
SUPPLIES at average cost	95,868	UNSECURED INCOME DEBENTURES (note 2)	
FIXED ASSETS		SHAREHOLDERS' EQUITY	
Buildings, machinery and equipment at cost less amounts written off	\$4,096,709	Capital stock (notes 2 and 3)	
Less accumulated depreciation	<u>637,518</u>	Authorized - 3,000,000 shares of \$1 each	
	\$ 3,459,191	Issued - 1,748,987	\$ 1,748,987
		Less discount on shares	<u>845,413</u>
Mining concessions, claims and surface rights in the Township of Beauchastel, Quebec, at cost	<u>598,102</u>		\$ 903,574
		Contributed surplus arising from reduction of capital in 1960	<u>1,447,148</u>
			\$2,350,722
			<u>727,045</u>
	4,057,293	Deduct deficit	\$1,623,677
DEFERRED CHARGES			
Preproduction expenditures less amortization	\$2,051,050		
Unamortized discount on debentures	125,000		
Operating expenditures deferred	<u>31,980</u>		
	2,208,030		
	\$6,881,966		

On behalf of the Board of Directors
By *[Signature]*
By *[Signature]*

WASAMAC MINES LIMITED
(No Personal Liability)

STATEMENT OF INCOME AND DEFICIT
FOR THE TEN MONTHS ENDED OCTOBER 31, 1966
(Unaudited)

OPERATING REVENUE		
Bullion Recovery		\$1,669,090
Assistance under the Emergency Gold Mining Assistance Act		452,084
		<u>\$2,121,174</u>
OPERATING EXPENSES		
Mine Development	\$ 30,713	
Mining	944,365	
Milling	292,899	
Marketing expenses	11,945	
Mine office and supervision	98,526	
General expenses at the property	139,268	
Administrative and corporate expenses	20,670	1,538,386
		<u>1,538,386</u>
Operating profit before the following deductions		\$ 582,788
DEDUCT		
Depreciation	338,000	
Amortization of preproduction expenditures	203,000	
Amortization of discount on debentures	10,000	
Interest on debentures	141,660	
Other interest	70,881	763,541
		<u>763,541</u>
Loss for the period		\$ 180,753
Deficit, December 31, 1965		546,292
Deficit, October 31, 1966		<u>\$ 727,045</u>

WASAMAC MINES LIMITED
(No Personal Liability)
NOTES TO FINANCIAL STATEMENTS

OCTOBER 31, 1966

- The bank loan is partly secured by assignment of accounts receivable and future bullion settlements.
- Unsecured Income Debentures
 - 6% due December 31, 1974
\$1,500,000 issued
 - 5% due December 31, 1975 convertible for shares on the basis of 800 shares for each \$1,000
\$ 700,000 issued at January 1, 1965
900,000 issued for cash in 1965
 - \$1,600,000
 - \$3,100,000 total both issues

Interest is payable only out of operating profits after repayment of the bank loan.
- The company has granted options on shares of its capital stock to employees as follows:
 - 55,000 shares at \$1.25 per share exercisable to April 13, 1969
 - 25,000 shares at \$1.50 per share exercisable to February 14, 1969
 - 20,000 shares at \$1.75 per share exercisable to April 13, 1969
 - 25,000 shares at \$1.75 per share exercisable to December 31, 1970

These options may be exercised only on an accumulative proportionate basis in any one year.
- The company is exempt from income taxes on income from its mining operations from April 1, 1965 to March 31, 1968.

WASAMAC MINES LIMITED
(No Personal Liability)
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE TEN MONTHS ENDED OCTOBER 31, 1966
(Unaudited)

Source of funds:		
Provided from operations after adding back to the loss of \$180,753 those items not involving an outlay of cash \$553,000	\$ 372,247	
Hydro deposit refund	6,000	
		<u>\$ 378,247</u>
Application of funds:		
Additions to fixed assets (net)	\$ 103,132	
Preproduction and deferred operating expenses	20,744	
Other	6,903	130,779
		<u>130,779</u>
Increase in working capital:		
Working capital deficiency December 31, 1965	\$ 1,884,883	
Working capital deficiency October 31, 1966	1,637,415	
		<u>\$ 247,468</u>

WASAMAC MINES LIMITED
(No Personal Liability)

Incorporated under the laws of the Province of Quebec

PRO FORMA BALANCE SHEET AS AT OCTOBER 31, 1966

(Unaudited)

ASSETS

CURRENT ASSETS

Cash	\$	45,870	
Bullion at net realizable value		162,965	
Accounts receivable		37,384	
Amount receivable under the Emergency Gold Mining Assistance Act		231,099	
Prepaid expenses		63,900	
			\$ 541,218
SUPPLIES at average cost			95,868

FIXED ASSETS

Buildings, machinery and equipment at cost less amounts written off	\$	4,119,594	
Less accumulated depreciation		637,518	
			\$ 3,482,076
Mining concessions, claims and surface rights in the Township of Beauchastel, Quebec (Note 2)		1,290,019	
			4,772,095

DEFERRED CHARGES

Preproduction expenditures less amortization	\$	2,051,050	
Unamortized discount on debentures		125,000	
Operating expenditures deferred		31,980	
Hydro deposit		11,000	
			2,219,030
			\$ 7,628,211

LIABILITIES

CURRENT LIABILITIES

Bank loan (Note 3)	\$	1,166,000	
Accounts payable and accrued liabilities		287,705	
Payable to associated companies		433,957	
Accrued interest on debentures (Note 4)		342,080	
			\$ 2,229,742

UNSECURED INCOME DEBENTURES (Note 4)

3,100,000

SHAREHOLDERS' EQUITY

Capital stock (Notes 1, 4 and 5)			
Authorized - 6,000,000 shares of \$1 each			
Issued - 2,288,821	\$	2,288,821	
Less discount on shares, net		710,455	
			\$ 1,578,366
Contributed surplus arising from reduction of capital in 1960		1,447,148	
			\$ 3,025,514
Deduct deficit		727,045	
			2,298,469
			\$ 7,628,211

(The notes to this Statement are an integral part hereof)

WASAMAC MINES LIMITED
(No Personal Liability)

NOTES TO PRO FORMA BALANCE SHEET

1. PRO FORMA BALANCE SHEET

The pro forma balance sheet gives effect as at October 31, 1966 to:

(a) the obtaining of supplementary letters patent increasing the authorized capital to 6,000,000 shares of \$1 each

(b) the acquisition of the net assets of Francoeur Mines Limited for 539,834 shares of the company's capital issued at \$1.25 per share.

2. Mining concessions, claims and surface rights in the Township of Beauchastel, Quebec consist of the following:

Wasamac properties at cost	\$	598,102
Francoeur properties at the value placed thereon on the acquisition of the net assets of Francoeur Mines Limited		691,917
		\$ 1,290,019

3. BANK LOAN

The bank loan is partly secured by assignment of accounts receivable and future bullion settlements.

4. UNSECURED INCOME DEBENTURES

	<u>Issued</u>
6% due December 31, 1974	\$ 1,500,000
5% due December 31, 1975, convertible for shares on the basis of 800 shares for each \$1,000	1,600,000
7% due December 31, 1973, convertible for shares on the basis of 800 shares for each \$1,000 (authorized \$1,500,000)	Nil

Interest is payable only out of operating profits (as defined) after repayment of the bank loan. Interest is payable on the 6% debentures only after the 7% debentures have been redeemed in full and interest is payable on the 5% debentures only after the 6% and 7% debentures are redeemed in full.

5. ISSUED CAPITAL - Par value \$1

	<u>Par Value</u>	<u>Discount</u>	<u>Net</u>
(a) Balance October 31, 1965 .	\$ 1,748,987	845,413	903,574
To be issued for net assets of Francoeur Mines Limited	539,834	(134,958)	674,792
Balance per pro forma balance sheet	<u>\$ 2,288,821</u>	<u>710,455</u>	<u>1,578,366</u>

(b) The Company has granted options on shares of its capital stock to employees as follows:

55,000 shares at \$1.25 per share exercisable to April 13, 1969
 25,000 shares at \$1.50 per share exercisable to February 14, 1969
 20,000 shares at \$1.75 per share exercisable to April 13, 1969
 25,000 shares at \$1.75 per share exercisable to December 31, 1970

These options may be exercised only on an accumulative proportionate basis in any one year.

(c) Under the terms of the Francoeur sale agreement, the company has agreed to issue 269,917 share purchase warrants which will allow the holders to subscribe for shares of Wasamac with a par value of \$1.00 at the price of \$1.50 per share at any time on or before December 31, 1971.

FRANCOEUR MINES LIMITED
(Incorporated Under the Laws of Canada)
BALANCE SHEET

AS AT OCTOBER 31, 1966

(Unaudited)

ASSETS

CURRENT ASSETS:

Cash	\$ 20,325	
Sundry	117	
		\$ 20,442

FIXED ASSETS:

Buildings, machinery and equipment, at cost	\$ 22,885	
Mining property and claims in Beauchastel Township, Quebec, at the value placed on 1,065,000 shares issued therefor plus \$18,072 cash	126,072	
		148,957

DEFERRED EXPENDITURES:

Exploration and administrative expenses, per statement	\$ 378,944	
Hydro deposit	11,000	
		389,944
		<u>\$ 559,343</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	\$ 71,453
---	-----------

SHAREHOLDERS' EQUITY:

Capital		
Authorized - 6,000,000 shares without par value		
Issued - 5,398,333 shares	\$ 1,009,666	
Deficit, no change during the period	521,776	
		487,890
		<u>\$ 559,343</u>

On behalf of the Board of Directors

By

By

FRANCOEUR MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION AND

ADMINISTRATIVE EXPENDITURES

FOR THE TEN MONTHS ENDED OCTOBER 31, 1966

(Unaudited)

EXPLORATION:

Diamond drilling	\$ 51,504	
Land and road clearing	9,094	
Engineering and geological expense	6,023	
Assays	599	
Licenses and fees	319	
Other	1,634	
		\$ 69,173

ADMINISTRATIVE:

Management, accounting and secretarial services	\$ 2,500	
Meetings and reports	525	
Share transfer expenses	1,122	
Legal and audit	625	
Consulting engineering fees	1,287	
Sundry	220	
	\$ 6,279	

Less: Profit on disposal of investments, dividend and interest income	1,684	
		4,595

Balance, December 31, 1965 \$ 73,768

Balance, October 31, 1966 \$ 378,944

FRANCOEUR MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE TEN MONTHS ENDED OCTOBER 31, 1966

(Unaudited)

Source of funds:

Sale of investments	\$ 33,887
---------------------	-----------

Application of funds:

Deferred exploration and administrative expense	\$ 73,768	
Buildings, machinery and equipment	22,885	
Hydro deposit	11,000	
		107,653

Decrease in working capital:

Working capital December 31, 1965	\$ 22,755	
Working capital deficiency October 31, 1965	51,011	

Excess of funds applied over funds received \$ 73,766

ENGINEER'S REPORT

Report On

FRANCOEUR MINES LIMITED

Beauchastel Township

Quebec

Property and Location

The property consists of three mining concessions and eleven claims held under six development licenses, all in one group, totalling 1,314 acres.

It lies at the extreme west central part of Beauchastel Township, one mile north of the Village of Arntfield through which pass the C. N. R. railway and the main highway between the cities of Rouyn and Kirkland Lake. Arntfield is 13 miles west of Rouyn.

History, Work Done, Geology and Ore Reserves

The property was originally staked in 1923 following the discovery of a mineralized zone near the east boundary which subsequently became known as the No. 1 or East Orebody. Later, discoveries in 1936 of No. 2 (Central) and No. 3 (West) Orebodies led to underground development and mining in 1938. A fourth orebody, known as No. 8, was found in 1939.

The four main ore deposits consisted of siliceous ferrocarbonate and albite replacement bodies mineralized with fine pyrite and specularite in schistose fault zones in Keewatin volcanics. No. 1, 2, and 3 ore deposits lie in a major fault zone that extends in an east-west direction completely across the property and dips north from 40 to 50 degrees. The No. 8 ore deposit lies in a smaller fault zone striking east-west and dipping approximately 65 degrees to the south. No. 1 orebody has been explored and mined to a depth of 500 feet, No. 2 to 400 feet and No. 3 to 300 feet. The greater part of No. 8 orebody lies above a depth of 200 feet.

The mine was brought into production in August 1938 and continued in production until March 1947 when rising operating costs, combined with inadequate development and milling facilities, forced the suspension of operations. The Emergency Gold Mining Assistance act did not come into effect until the year 1948. The following production is recorded for the period August 1938 to March 1947:

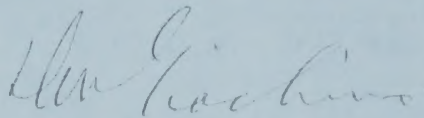
Tons Ore Milled	570,708
Average Gold Content	0.186 oz/ton
Gold Recovered	92,602 ounces
Value of Metals Recovered	\$3,948,133

During the years 1962, 1964, 1965 and 1966, surface diamond drilling programs were conducted with the object of discovering new ore deposits and/or extending the known ones. This year's (1966) program comprising 15,500 feet of drilling involving 15 holes, all drilled in the No. 3 (West) ore area, resulted in extending this ore deposit to a depth of at least 1,200 feet indicating approximately 750,000 tons of mineable ore grading 0.20 oz/ton to this depth.

Cont'd

Production Plans

Plans are to construct a mining plant and sink a new vertical production shaft to a depth of 1,500 feet and to provide eight new levels to develop and mine the ore indicated, trucking it to the Wasamac mill some five miles to the east for processing. The Wasamac mill has the capacity to treat at least 400 tons of extra ore from Francoeur in addition to its own ore. The utilization of Wasamac's excess milling capacity, coupled with the efficiencies obtained by working the two properties under one management, merits the investment required to develop the Company's ore deposits and for additional exploration opportunities.



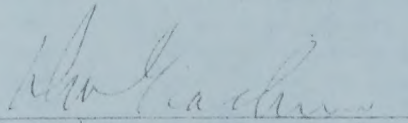
D. M. Giachino, B.Sc., P. Eng.

Toronto, Ontario,
December 9, 1966.

CERTIFICATE

I, D. M. Giachino, of the City of Toronto, in the Province of Ontario, do hereby certify that:

1. I am a mining engineer residing at 80 Heath Street West, Toronto, Ontario.
2. I am an honour graduate of Queen's University, Kingston, Ontario, with the degree of Bachelor of Science in Mining and Metallurgical Engineering (1933).
3. I am a member of the Corporation of Professional Engineers of Quebec and have been practising my profession for thirty-five years.
4. I have no personal interest, either directly or indirectly, in the properties or securities of Francoeur Mines Limited, except that I am a Director and hold one qualifying share.
5. My report is based on a study of the results obtained, as well as an acquaintance of operation during its previous productive period.
6. That I visited the property on several occasions during its active production period from 1944 to 1947 and more recently on occasions during the drilling programs in 1964, 1965 and 1966. Recent specific dates of visits are October 27, 1966 and November 25, 1966.



D. M. Giachino, B.Sc., P. Eng.

Toronto, Ontario,
December 9, 1966.

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Barnat Mines Ltd., aforesaid, through its shareholdings is in a position to materially affect control of the Company.
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	The assets of the Company do not include investments in the shares or other securities of any other company.
18. Brief statement of any lawsuits pending or in process against company or its properties.	There are no lawsuits pending or in process against the Company or its properties.
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	There are no material contracts entered into by the Company that are still in effect and not disclosed by the foregoing, except only an arrangement entered into with Little Long Lac Gold Mines Limited, 112 King Street West, Toronto 1, Ontario, whereby the Company pays to Little Long Lac a management fee of \$1,250.00 per month.
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	This Statement is filed pursuant to the rules and regulations of the Toronto Stock Exchange in respect to the matters referred to in Item 1 hereof which the Company understands to be classed as a "material change" in its affairs. There are no other material facts. No shares of the Company are presently in the course of primary distribution to the public.

DATED November 26, 1966.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.C.L. Allen"

WASAMAC MINES LIMITED
(No Personal Liability)

CORPORATE
SEAL

"P.K. Hanley" and

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)